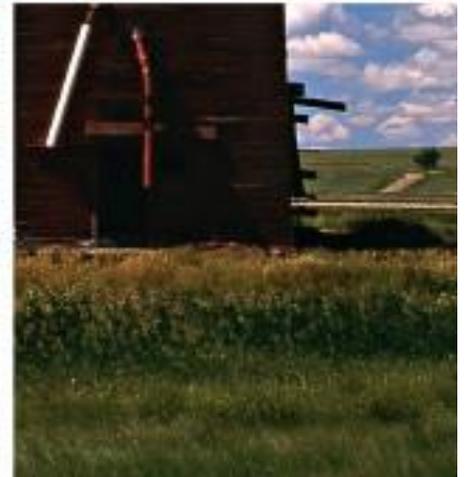


# OTHER TAXES

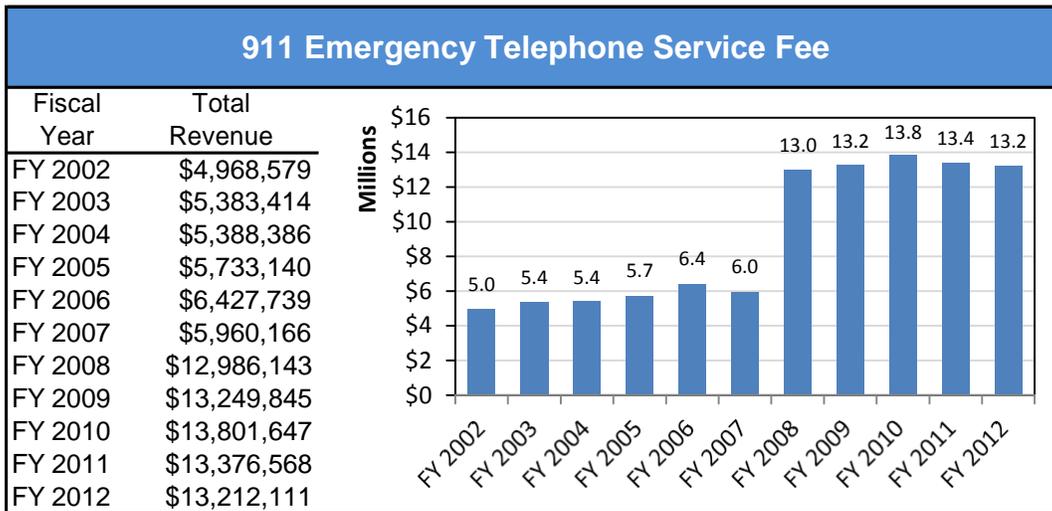
BIENNIAL REPORT • THE MONTANA DEPARTMENT OF REVENUE



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# 911 Emergency Telephone System Fee

**Statute:** Title 10, Chapter 4



## Fee Rate

For each access line, a fee of 25 cents per month to support basic 911 services, 25 cents per month to support enhanced 911 services, and 50 cents per month to support wireless enhanced 911 services is collected from service subscribers.

911 Emergency Telephone Fee Rates	
Purpose	Fee Per Month
Basic 911 Service	25¢
Enhanced 911 Service	25¢
Wireless Enhanced 911 Service	50¢
<b>Total</b>	<b>\$1.00</b>

## Filing Requirements

The subscriber paying for exchange access line services is liable for the fees, but the fees are collected by the provider and are remitted to the state on a quarterly basis. The provider collecting the fee must file a return on or before the last day of the month following the end of each calendar quarter.

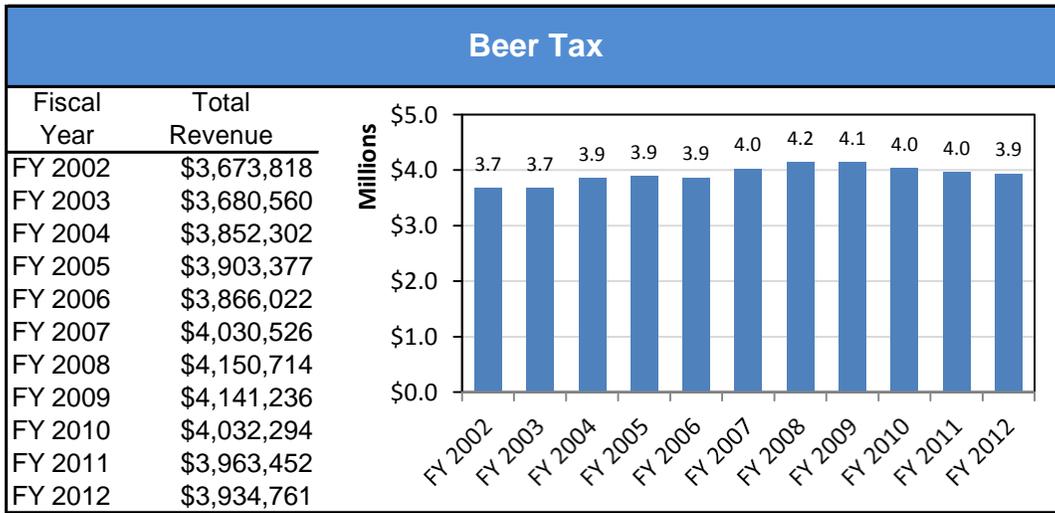
## Distribution

Of the fee collected, 2.74 percent must be deposited in the state special revenue fund and be used for the administration of the Emergency Telephone System Account. The remaining fee amount is paid to the state treasurer for deposit in the appropriate accounts (10-4-301, MCA).

Emergency Telephone 911 Fee Distribution			
	FY2010	FY2011	FY2012
Emergency Telephone System Account (2.74%)	\$378,165	\$366,518	\$362,012
Basic 911 Phone Program (24.315%)	\$3,356,040	\$3,252,514	\$3,212,523
Enhanced 911 Phone Program (24.315%)	\$3,356,040	\$3,252,514	\$3,212,523
<b>Wireless Enhanced 911 Phone Programs</b>			
911 Jurisdictions (24.315%)	\$3,355,701	\$3,252,511	\$3,212,527
Wireless Providers(24.315%)	\$3,355,701	\$3,252,512	\$3,212,527

# Beer Tax

**Statute:** 16-1-406, MCA



## Tax Rate

The State of Montana levies a tax on each 31-gallon barrel of beer sold in Montana. Depending on the size of the brewer, a tax rate ranging from \$1.30 to \$4.30 per 31-gallon barrel is levied on beer sold in Montana.

Beer Tax Rate	
Production Level	Tax Per Barrel
0 to 5,000 Barrels	\$1.30
5,000 to 10,000 Barrels	\$2.30
10,000 to 20,000 Barrels	\$3.30
Over 20,000 Barrels	\$4.30

## Filing Requirements

The beer tax is collected monthly from distributors and breweries. Taxpayers must submit returns to the department on or before the last day of the month.

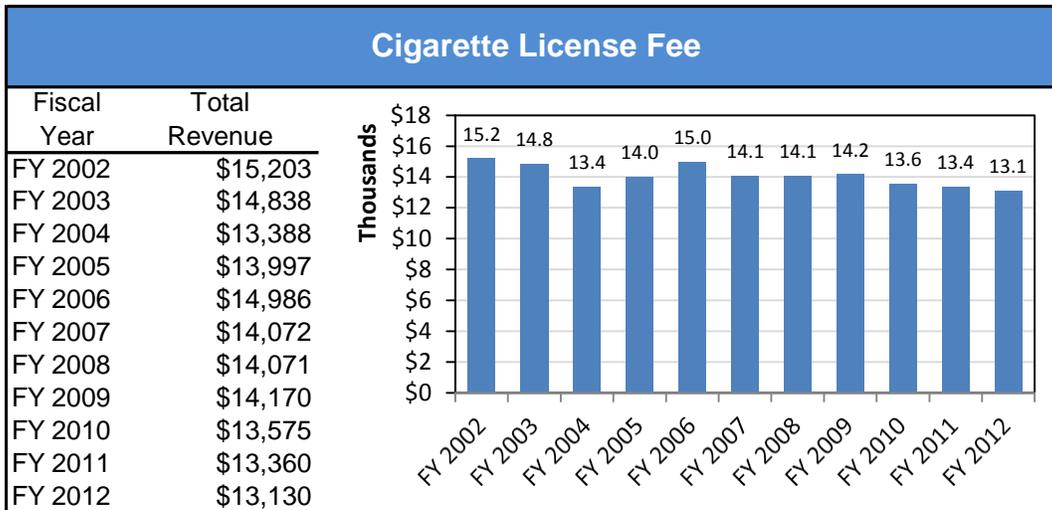
## Distribution

The Department of Public Health and Human Services receives 23.26 percent of the revenue collected from the beer tax for treatment, rehabilitation, and prevention of alcoholism and chemical dependency. A small portion of beer tax revenue is refunded from the general fund to the tribes that have a revenue-sharing agreement with the state. Currently the state has agreements with the Blackfeet, Fort Peck, and Fort Belknap Tribes. The remainder of the revenue is deposited in the general fund.

Beer Tax Distribution				
	FY 2009	FY 2010	FY 2011	FY 2012
<b>Total Revenue</b>	<b>\$4,141,236</b>	<b>\$4,032,294</b>	<b>\$3,963,452</b>	<b>\$3,934,761</b>
DPHHS (23.26%)	\$963,238	\$937,912	\$921,899	\$915,225
Tribal	\$63,268	\$62,528	\$59,744	\$63,338
General Fund (remainder)	\$3,114,729	\$3,031,854	\$2,981,809	\$2,956,198

# Cigarette License Fee

**Statute:** 16-11-122, MCA



## Fee Rate

A license fee is imposed on cigarette dealers in Montana. Wholesalers, sub-jobbers (middle-man), and vendors (operating 10 or more machines) pay an annual license fee of \$50. Retailers and vendors (operating nine or fewer machines) pay an annual license fee of \$5.

Cigarette License Fee Schedule	
Status	Annual Renewal Fee
Wholesalers & Sub-Jobbers	\$50
Vendors (10 or More Machines)	\$50
Vendors (9 or Fewer Machines)	\$5
Retailers	\$5

## Filing Requirements

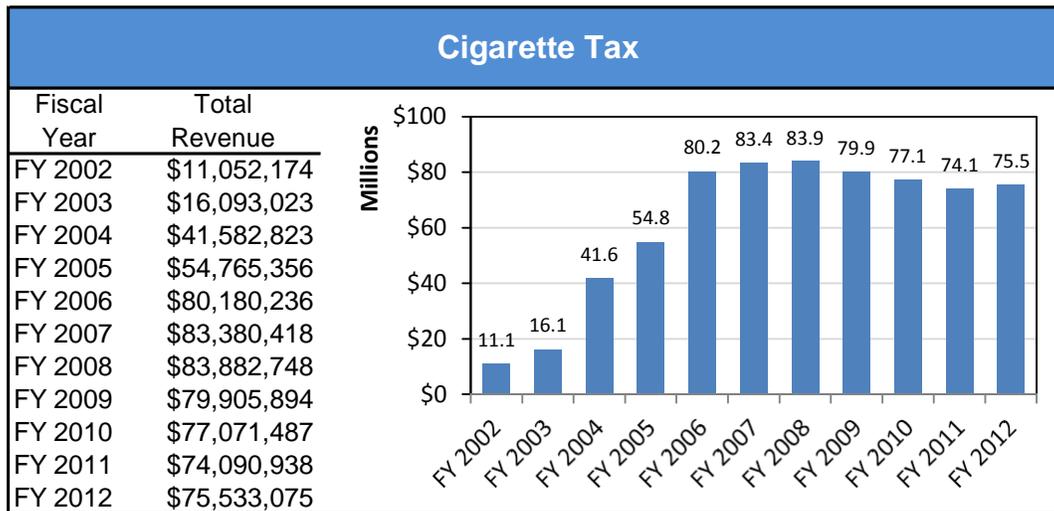
Licenses must be renewed annually on or before the anniversary date.

## Distribution

Revenues from the license fees are deposited in the state general fund (16-11-124, MCA).

# Cigarette Tax

**Statute:** 16-11-111, MCA  
16-11-119, MCA



## Tax Rate

The cigarette tax rate has increased twice since 2003. On May 1, 2003, the cigarette tax rate increased from 18 cents to 70 cents per pack of 20 cigarettes, as mandated by the 2003 Legislature. On January 1, 2005, the tax rate increased from 70 cents per pack to \$1.70 per pack in compliance with Initiative 149 (I-149), which was passed by the Montana electorate in November 2004 (16-11-111, MCA). At \$1.70 per pack, Montana has the 17th highest cigarette tax in the United States.

## Filing Requirements

The cigarette tax is pre-collected from retailers by state-licensed cigarette wholesalers who must affix a tax insignia to each package of cigarettes to indicate the tax has been paid. Retailers then include the tax in the retail price of cigarettes. Wholesalers remit the tax to the State of Montana, minus an allowance to defray the costs of affixing insignias and collecting the tax.

## Distribution

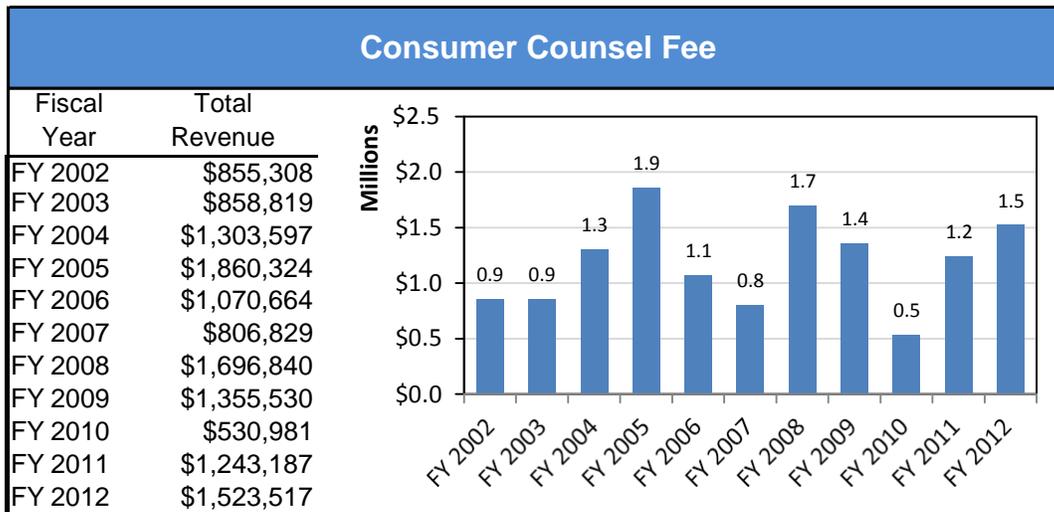
After distributing revenues according to tribal revenue sharing agreements, cigarette tax revenues are distributed: 8.3 percent or \$2 million, whichever is greater, to the Department of Public Health and Human Services for maintenance and operation of state veteran's nursing homes. For FY 2010 through FY 2015, 1.2 percent is deposited for the construction of the Southwestern Montana state veterans' home, 2.6 percent to the Long-Range Building Account, 44 percent to the Department of Public Health and Human Services for Health and Medicaid initiatives, and the remainder is deposited in the state general fund (16-11-119, MCA).

Cigarette Tax Distribution				
	FY 2009	FY 2010	FY 2011	FY 2012
Total Revenue	\$79,905,894	\$77,071,487	\$74,090,938	\$75,533,075
Tribal	\$3,807,420	\$3,682,164	\$3,495,106	\$3,818,164
<b>Remainder</b>	<b>\$76,098,475</b>	<b>\$73,389,323</b>	<b>\$70,595,832</b>	<b>\$71,714,911</b>
State Veteran's Home (8.3%)	\$6,316,173	\$6,091,314	\$5,859,454	\$5,952,337
SW State Veteran's Home (1.2%)*	\$0	\$880,672	\$847,150	\$860,579
Long Range Building (2.6%)	\$1,978,561	\$1,908,122	\$1,835,492	\$1,864,588
DPHHS-Medicaid Initiatives (44%)	\$33,483,328	\$32,291,302	\$31,062,166	\$31,554,561
General Fund (remainder)	\$34,320,412	\$32,217,914	\$30,991,570	\$31,482,846

\* HB 213 of the 2009 Legislature established funding for the construction of the South Western Veteran's home.

## Consumer Counsel Fee

**Statute:** Title 69, Chapter 1, Part 2, MCA



### Fee Rate

The fee is set annually for the succeeding fiscal year to cover appropriations for the operation of the Office of the Consumer Counsel.

Consumer Counsel Fee Rates	
Fiscal Year*	Fee Rate
FY 2006	0.07% of Gross Revenue from Regulated Activities
FY 2007	0.06% of Gross Revenue from Regulated Activities
FY 2008	0.14% of Gross Revenue from Regulated Activities
FY 2009	0.08% of Gross Revenue from Regulated Activities
FY 2010	0.03% of Gross Revenue from Regulated Activities
FY 2011	0.11% of Gross Revenue from Regulated Activities
FY 2012	0.12% of Gross Revenue from Regulated Activities
FY 2013	0.07% of Gross Revenue from Regulated Activities

\*Fiscal year refers to Oct 1st of the previous calendar year though Sep. 30th.

### Filing Requirements

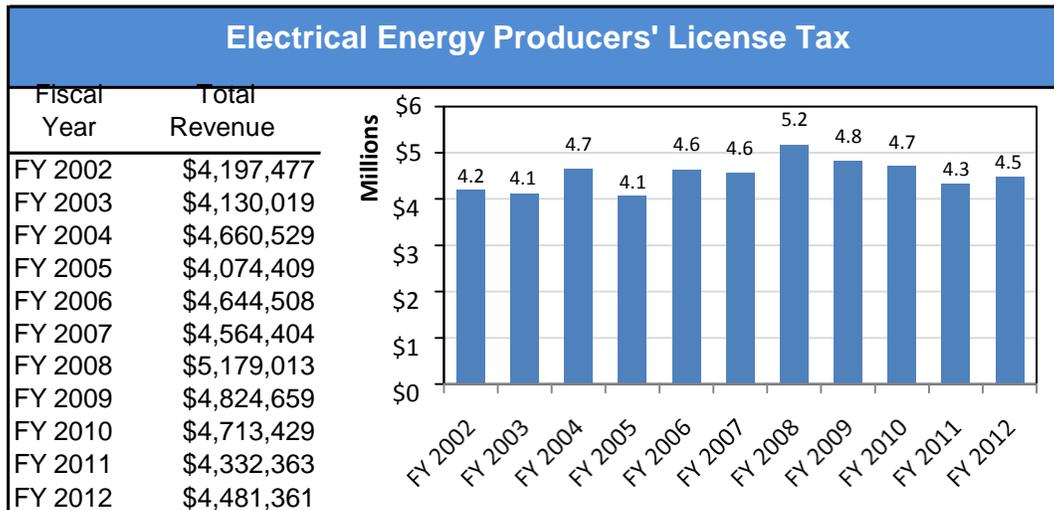
All companies providing services regulated by the Public Service Commission are subject to a quarterly Consumer Counsel Fee on gross operating revenue from regulated activities. The company must file and pay the fee within 30 days of the end of the calendar quarter.

### Distribution

All collections are deposited in a state special revenue account for the operation of the Office of Consumer Counsel (69-1-223, MCA).

# Electrical Energy Producers' License Tax

**Statute:** Title 15, Chapter 51, MCA



## Tax Rate

The tax was first enacted in 1933 and is \$.0002 per kilowatt hour (kWh) of electrical energy generated, manufactured or produced in the state for barter, sale, or exchange other than plant use.

## Filing Requirements

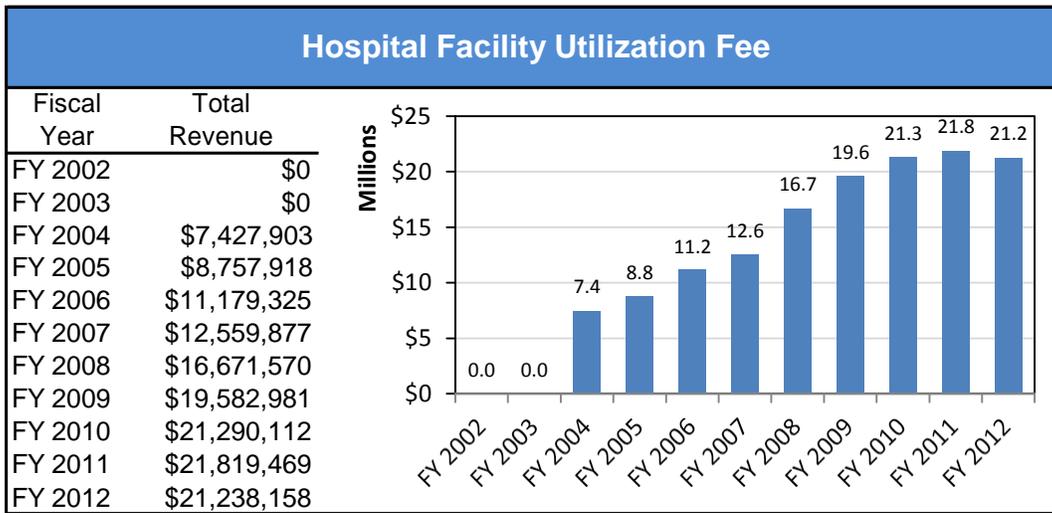
Businesses engaged in the production of electrical energy pay the electrical energy producers' license tax. The license tax must be remitted each calendar quarter to the department with a statement on or before the 30th day of the month after the end of the calendar quarter (15-51-102, MCA).

## Distribution

These tax collections are deposited in the state general fund (15-51-103, MCA).

# Hospital Facility Utilization Fee

**Statute:** Title 15, Chapter 66, MCA



## Fee Rate

Beginning in 2004, all hospitals licensed by the state (with the exception of the Montana State Hospital) are required to pay a utilization fee for each official day of care, or inpatient bed day.

## Filing Requirements

The fees must be paid by the hospital for the preceding calendar year on all inpatient bed days. The table below provides the fee per inpatient bed day since the fee was instituted.

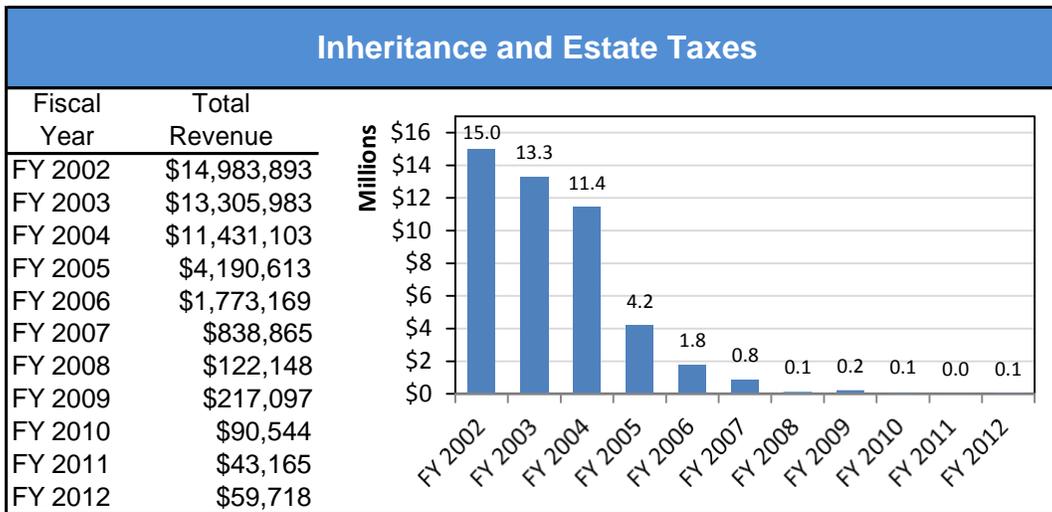
Hospital Facility Utilization Fee Schedule	
Period Over Which Fee Applies	Fee Per Inpatient Bed Day
January 1, 2004 through June 30, 2005	\$19.43
July 1, 2005 through December 31, 2005	\$29.75
January 1, 2006 through June 30, 2007	\$27.70
July 1, 2007 through December 31, 2007	\$47.00
January 1, 2008 through December 31, 2008	\$43.00
January 1, 2009 through December 31, 2009	\$48.00
Beginning January 1, 2010	\$50.00

## Distribution

All of the proceeds from the utilization fee are deposited in a special revenue account for use by the Department of Health and Human Services to provide reimbursements to hospitals serving Medicaid patients (15-66-102, MCA).

# Inheritance and Estate Taxes

**Statute:** Title 72, Chapter 16, MCA



## Tax Rate

An estate tax is a tax on the value of the estate a person leaves when they die and is paid by the estate. An inheritance tax is a tax on the value of the bequest each heir receives.

Before 2001, Montana had an inheritance tax with rates that varied according to the heir's relationship to the decedent. Montana's inheritance tax was repealed by the passage of Legislative Referendum 116 in November 2000, and does not apply to bequests made on or after January 1, 2001.

Montana also has an estate tax equal to the difference between the amount of credit that the federal estate tax law allows for state taxes and the inheritance tax. The estate tax essentially allows the state to receive a share of the federal tax on Montana estates, with that share determined by federal law. With repeal of the inheritance tax, the estate tax became a stand-alone tax.

Federal legislation passed in 2001 and 2010 temporarily changed the federal estate tax law. It phased out the credit for state taxes between 2002 and 2004 and replaced it with a deduction beginning in 2005. With no federal credit, Montana essentially had an estate tax with a rate of zero.

As federal law currently stands, the temporary changes enacted in 2001 and 2010 expire at the end of 2012. If Congress does not change the law, the federal credit for state taxes will return for estates of people dying in 2013 and later years. Under this combination of federal and state law, Montana will again receive a share of the federal tax on Montana estates.

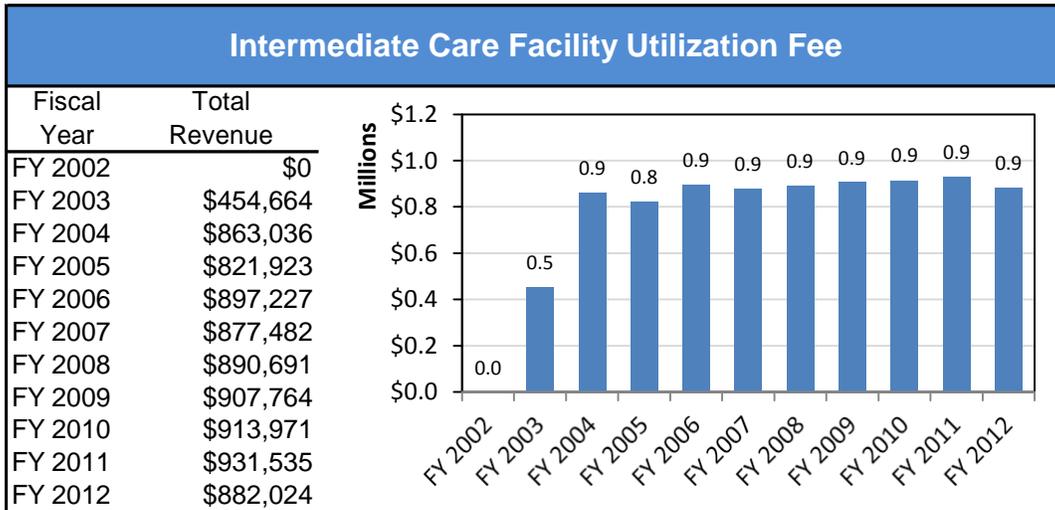
There was no Montana tax that applied to the estates of people who died between January 1, 2005, and December 31, 2012. All revenue received in FY 2006 through FY 2012 is from the estates of people who died before the end of 2004. The state continued to receive small amounts of revenue because it sometimes takes years for final settlement of all issues pertaining to an estate.

## Distribution

All inheritance tax revenue is deposited in the general fund.

# Intermediate Care Facility Utilization Fee

**Statute:** Title 15, Chapter 67, MCA



### Fee Rate

The Intermediate Care Facility Utilization Fee is collected at a rate of six percent of the revenue of intermediate care facilities for the developmentally disabled. The fee was first implemented by the 2003 Legislature at a rate of five percent.

### Filing Requirements

Intermediate care facilities must file and pay the fee on or before the last day of the month following the end of each calendar quarter. The 2005 Legislature changed the fee to a quarterly payment of six percent of the intermediate care facility’s quarterly revenue divided by the official number of bed days by residents for the same time period.

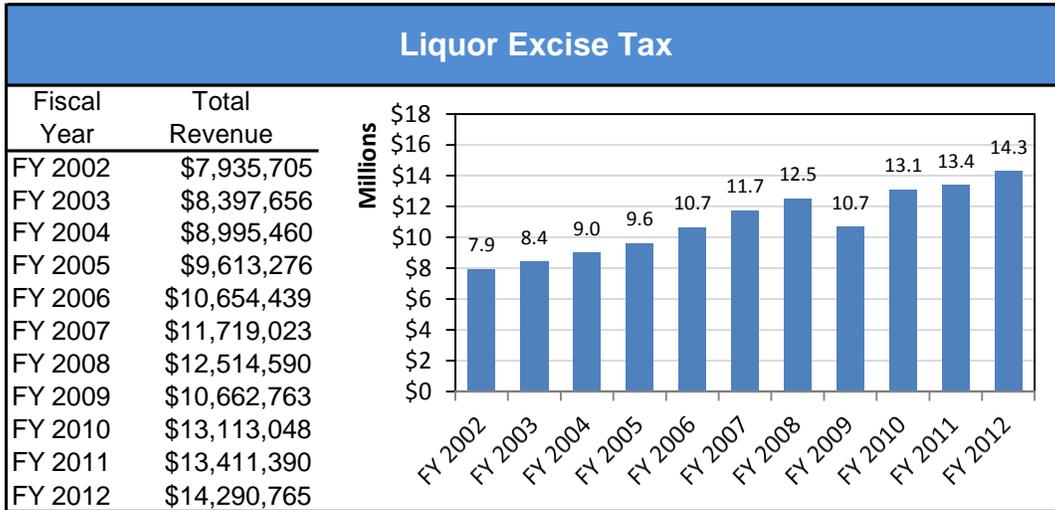
### Distribution

Of the total revenue generated by this fee, 30 percent is deposited into the state general fund and 70 percent into the prevention and stabilization account in the state special revenue fund for the Department of Public Health and Human Services to administer (15-67-102, MCA).

Intermediate Care Facility Utilization Fee Distribution				
	FY 2009	FY 2010	FY 2011	FY 2012
General Fund (30%)	\$272,329	\$274,191	\$279,460	\$264,607
Prevention and Stabilization Acct. (70%)	\$635,434	\$639,780	\$652,074	\$617,417

# Liquor Excise Tax

**Statute:** 16-1-401, MCA



## Tax Rate

The Department of Revenue collects an excise tax (in addition to the license tax) on the retail selling price of all liquor sold by the state liquor warehouse. The tax rate ranges from three percent to 16 percent of the retail selling price, depending on the number of proof gallons produced by the manufacturer nationwide.

Liquor Excise Tax Rates	
National Production Level	Tax Rate
Less than 20,000 Proof Gallons	3.0%
20,000 to 50,000 Proof Gallons	8.0%
50,001 to 200,000 Proof Gallons	13.8%
Over 200,000 Proof Gallons	16.0%

## Filing Requirements

The Department collects the tax at the time of sale.

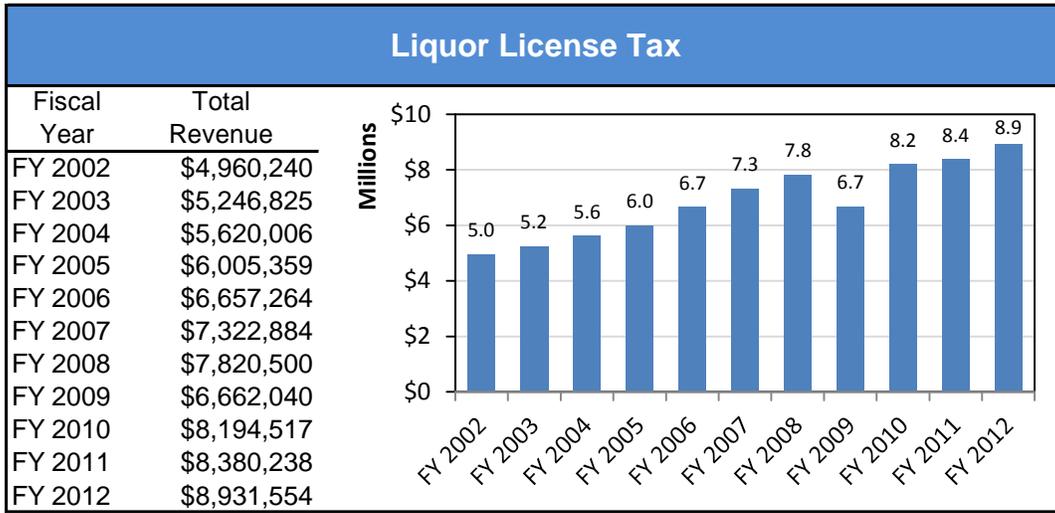
## Distributions

The revenues collected from the tax are deposited to the state general fund. A small portion of this tax revenue is refunded from the general fund to the tribes that have a revenue-sharing agreement with the state. Currently the state has agreements with the Blackfeet, Fort Peck, and Fort Belknap Tribes. The following table shows the revenue distributions from FY 2009 to FY 2012:

Liquor Excise Tax Distribution				
	FY 2009	FY 2010	FY 2011	FY 2012
General Fund	\$10,352,498	\$12,798,983	\$13,098,298	\$13,955,649
Tribal	\$310,266	\$314,065	\$313,092	\$335,116

# Liquor License Tax

**Statute:** 16-1-404, MCA



## Tax Rate

The Department of Revenue collects a license tax (in addition to the excise tax) on the retail selling price of all liquor sold by the state liquor warehouse. The tax rate ranges from two percent to 10 percent of the retail price, depending on the number of proof gallons produced by the manufacturer nationwide.

Liquor License Tax Rates	
National Production Level	Tax Rate
0 to 50,000 Proof Gallons	2.0%
50,001 to 200,000 Proof Gallons	8.6%
Over 200,000 Gallons	10.0%

## Filing Requirements

The Department collects the tax at the time of sale.

## Distribution

The revenues collected from the tax are deposited 34.5 percent to the state general fund and 65.5 percent to the Department of Public Health and Human Services for treatment, rehabilitation, and prevention of alcoholism and chemical dependency. The following table shows the tax revenue distribution for FY 2009 through FY 2012:

Liquor License Tax Distribution				
Fund	FY 2009	FY 2010	FY 2011	FY 2012
General Fund (34.5%)	2,298,404	2,827,108	2,891,182	3,081,386
DPHHS (65.5%)	4,363,636	5,367,409	5,489,056	5,850,168

# Liquor Profits

## Liquor Licensing Bureau

The Liquor Licensing Bureau is responsible for administering liquor licensing laws in an effort to protect the welfare and safety of the public. The bureau oversees and enforces compliance with the state's liquor laws, as provided for by the Montana Alcoholic Beverage Code (Title 16, MCA). Duties and responsibilities include:

Issuing licenses and renewals for all individuals and entities producing, importing or selling alcoholic beverages in Montana;

Verifying the suitability of liquor license applicants to ensure they meet the qualifications required to sell, manufacture, or distribute alcoholic beverages;

Ensuring compliance with Montana's liquor laws by actively monitoring licensee premises activities and issuing violation notices as needed; and

Providing expert testimony in cases of foreclosure, revocation, and other regulatory proceedings.

## The Liquor Distribution Bureau

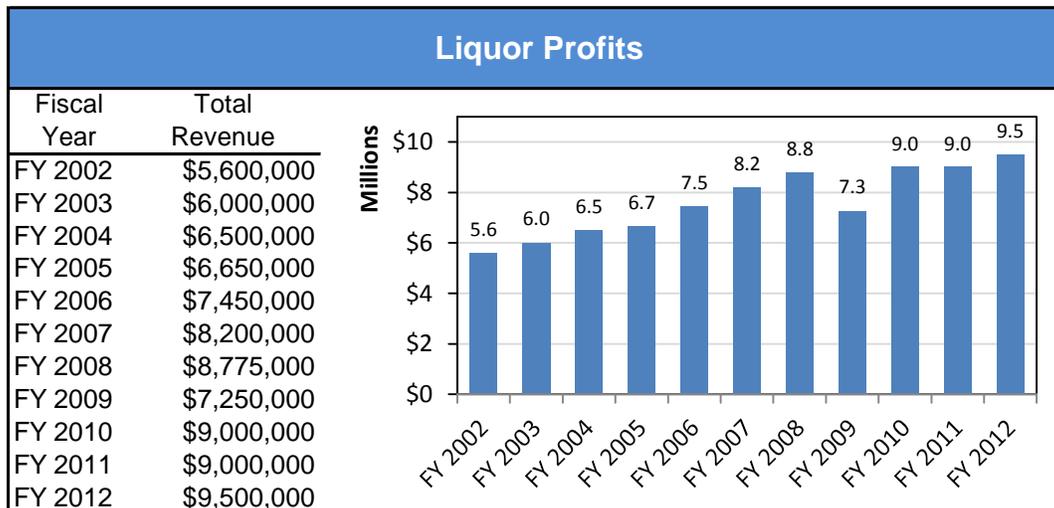
The Liquor Distribution Bureau is responsible for fulfilling the public's demand of distilled spirits and fortified wine through Agency Liquor Stores by efficiently maintaining a regulated channel of liquor distribution. The bureau is responsible for overseeing and managing the effective receipt and distribution of alcoholic beverages in the state. General duties and responsibilities include:

Overseeing all operations of the state liquor warehouse: ordering, maintaining, and monitoring liquor warehouse inventories in a manner that balances state interests with liquor distribution outlet customers;

Establishing and posting statutorily-defined prices for all liquor products distributed through the liquor warehouse; and

Establishing, maintaining, and monitoring relationships, compliance issues, and state contracts with 96 separate agency liquor stores.

**Statute:** 16-1-404, MCA.



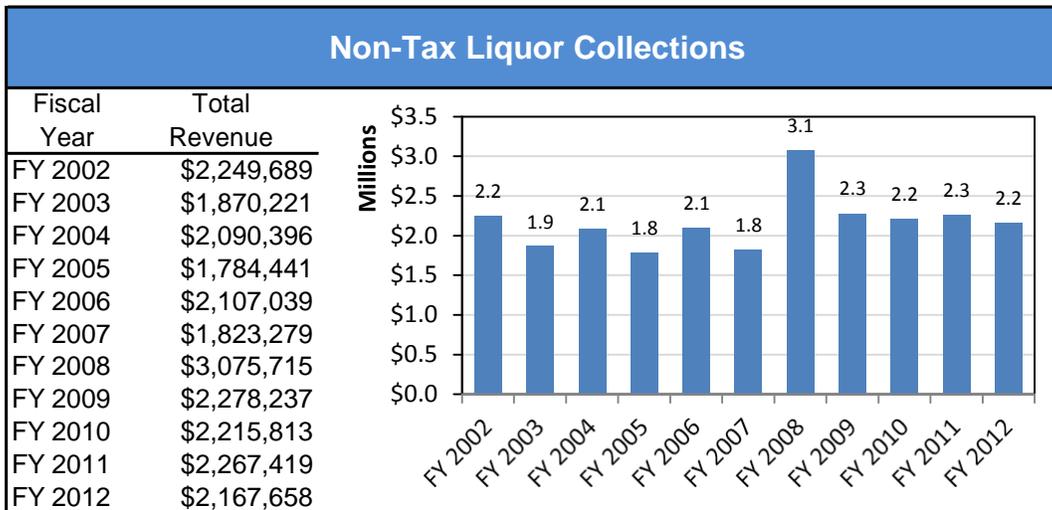
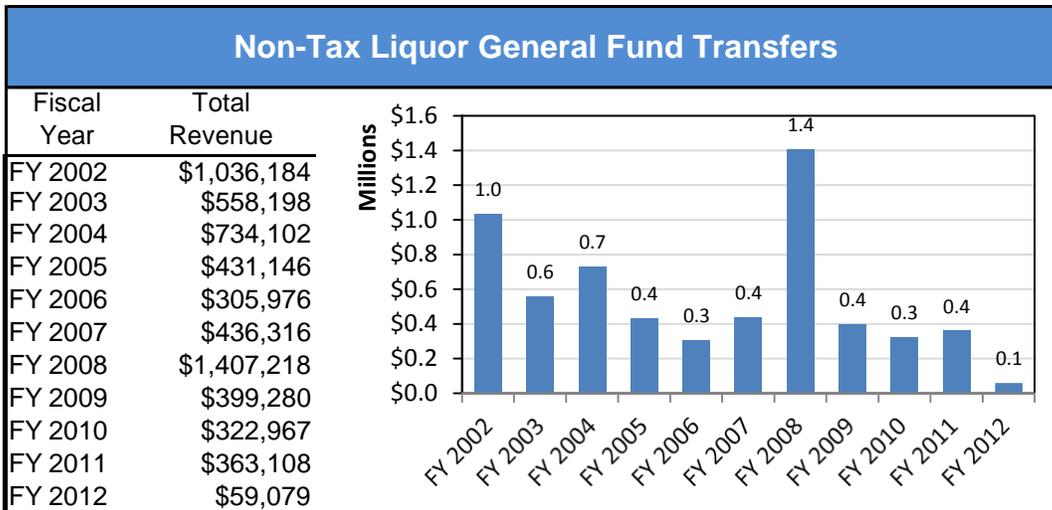
## State Liquor Profits

Cost of goods, agent discounts and state operating expenses are paid from the gross profit of revenues collected by the Department of Revenue for distilled spirits sold to agency owned liquor stores.

## Distribution

The remainder of funds is set up as an accrual to be deposited the following year. In fiscal year 2009, the transfer was decreased by \$1,750,000 due to a legislative appropriation for the liquor warehouse renovation project.

## Liquor Transfers, Licensing, and Other Fees



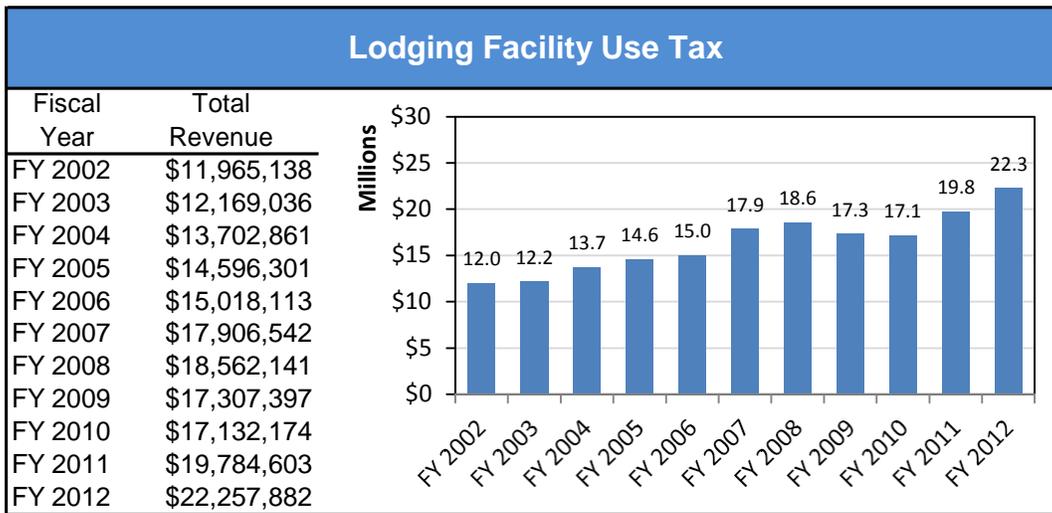
### Liquor Licensing and Fees

All individuals and corporations producing, importing, or selling alcoholic beverages in Montana must be licensed. Alcohol licensees pay an initial fee to obtain beer and wine licenses, restaurant beer and wine licenses, brewery and winery registrations, and vendor permit applications and renewals have varying fees. All-beverage licenses, which allow retailers to serve all types of alcoholic beverages, pay an annual renewal fee based on a sliding scale. For all-beverage licenses in cities with a population of 10,000 or more, the annual renewal fee is \$800; in cities with smaller populations, renewal fees are lower. The number of licenses available in an area is limited by state law, depending on the population of the area.

The department retains license and fee revenues from the non-tax liquor collections in a liquor enterprise fund. The administrative and compliance expenses associated with enforcing the liquor laws of Montana by the Department of Revenue and the Department of Justice are paid from the liquor enterprise fund. The balance remaining in the fund at the end of the fiscal year is deposited in the state general fund (16-2-108, MCA).

# Lodging Facility Use Tax

**Statute:** Title 15, Chapter 65, MCA



## Tax Rate

The 1987 Legislature enacted a tax on short-term lodging, with the proceeds to be used primarily to fund tourism promotion. The tax is imposed on users of short-term, overnight lodging facilities and is four percent of the lodging charge.

## Filing Requirements

The owner or operator of a lodging facility collects the tax from customers and is required to remit the tax to the department quarterly. The report and tax are due on or before the last day of the month, following the end of each calendar quarter. To simplify compliance, the department has lodging operators file a single return combining the four percent lodging facility use tax and the three percent lodging sales tax.

## Distribution

The department's costs of administering the lodging facility use tax are paid out of receipts from the tax. This is different from the process with most taxes, where the department's costs are paid from the general fund. For each fiscal year, the legislature appropriates an amount to the department to cover its costs, and this amount is first deducted from tax collections, with the remaining balance allocated as provided in statute.

The legislature originally chose not to tax business travel by state employees. However, rather than exempting state travel from the tax, the legislature required the department to reimburse state agencies for the tax they paid. Agencies reported the amount they spent on lodging from each of their funding sources, and the department reimbursed each of the funds. This system was cumbersome to administer and difficult to track. The 2011 Legislature simplified the process (HB 111). Beginning in FY 2012, 30 percent of tax collected from state agencies is deposited in the general fund. Tax on state agency travel paid with federal funds is given to the Department of Administration to be returned to the federal government through the normal process for returning unspent federal funds. The rest of the tax paid by state agencies is included in the normal distribution.

## Lodging Facility Use Tax

A fixed allocation of \$400,000 is deposited in the Montana Heritage Preservation Account to pay for preservation of historic properties at Virginia City and Nevada City. The remaining revenue is distributed according to a formula. For FY 2012, the distribution is as follows:

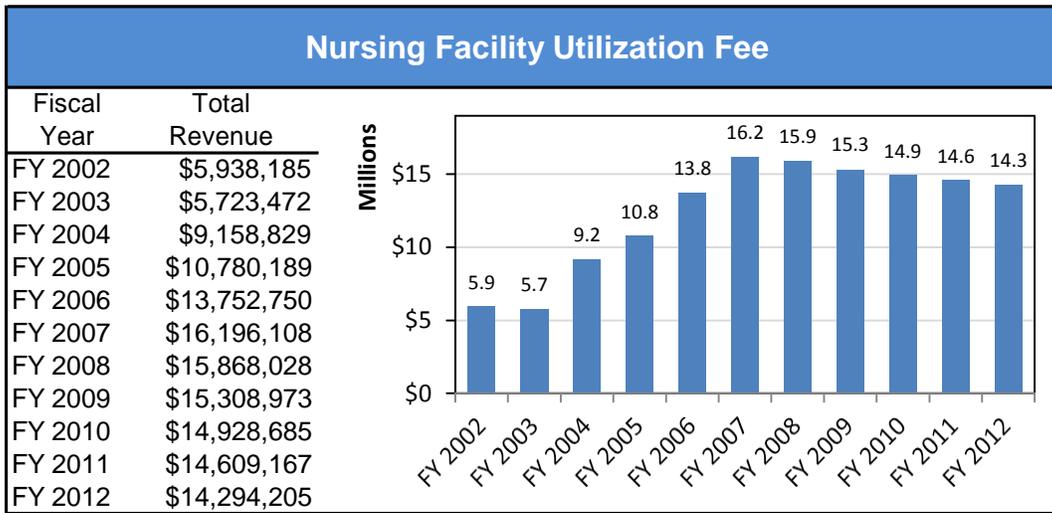
- 64.9 percent to the Department of Commerce for state-wide tourism promotion.
- one percent to the Montana Historical Society for roadside historical signs and historic sites.
- 2.5 percent to the university system for the Montana Travel Research Program.
- 2.6 percent to the Historical Society to cover costs of the state museum and the Robert Scriver sculpture collection.
- 6.5 percent to the Department of Fish, Wildlife and Parks to maintain facilities in state parks.
- 22.5 percent to regional nonprofit tourism corporations and local convention and visitors bureaus for local tourism promotion. Each of the state's six tourism promotion regions receives revenue proportional to the tax collected in the region. If the share of this allocation due to taxes collected in a city or resort area is more than \$35,000, then half of that amount goes to the local convention and visitors bureau.

The 2011 Legislature (HB 477) created the allocation to the Historical Society for the state museum and reduced the Department of Commerce's allocation by the same percentage. (15-65-121, MCA)

Lodging Facility Use Tax Distribution				
	FY 2009	FY 2010	FY 2011	FY 2012
<b>Total Revenue</b>	<b>\$17,307,397</b>	<b>\$17,132,174</b>	<b>\$19,784,603</b>	<b>\$22,257,882</b>
DOR Administration	\$154,480	\$131,358	\$132,416	\$135,675
Travel Reimbursements	\$203,759	\$198,231	\$215,859	\$140,183
MT Heritage Preservation Account	\$400,000	\$400,000	\$400,000	\$400,000
<b>Remainder</b>	<b>\$16,549,158</b>	<b>\$16,402,585</b>	<b>\$19,036,328</b>	<b>\$21,582,023</b>
Department of Commerce	\$11,170,681	\$11,071,744	\$12,849,521	\$14,012,087
MT Historical Society Sites & Signs	\$165,491	\$164,025	\$190,363	\$215,820
MT University System	\$413,729	\$410,065	\$475,908	\$539,551
MT Historical Society Interpretation Account		\$0	\$0	\$555,779
Fish, Wildlife, and Parks	\$1,075,695	\$1,066,168	\$1,237,361	\$1,402,832
Regional Tourism	\$3,723,561	\$3,690,582	\$4,283,174	\$4,855,955

# Nursing Facility Utilization Fee

**Statute:** Title 15, Chapter 60, MCA



## Fee Rate

All facilities licensed by the Department of Health and Human Services (DPHHS) and the Montana Mental Health Nursing Care Center (MMHNCC) are required to pay a utilization fee of \$8.30 per official day's care. For all facilities, except for the Montana Mental Health Nursing Care Center, \$2.80 is distributed to the general fund and \$5.50 is distributed to the nursing facility utilization fee account.

Nursing Facility Utilization Fee Rates	
<b>Non-Montana Mental Health Nursing Care Center Facilities</b>	
General Fund Fee Per Bed Day (≈33.73%)	\$2.80
Nursing Facility Utilization Account Fee Per Bed Day (≈66.27%)	\$5.50
<b>Total Fee Per Bed Day (100%)</b>	<b>\$8.30</b>
<b>Montana Mental Health Nursing Care Center Facilities</b>	
General Fund Fee Per Bed Day (30%)	\$2.49
Prevention and Stabilization Fee Per Bed Day (70%)	\$5.81
<b>Total Fee Per Bed Day (100%)</b>	<b>\$8.30</b>

Utilization fees paid by the MMHNCC are distributed 30 percent to the state general fund and 70 percent to the prevention and stabilization account administered by the DPHHS to finance, administer, and provide health and human services (53-6-1101, MCA).

## Filing Requirements

The owner or operators of a facility pay the fee quarterly. The fee is due on or before the last day of the month immediately following the end of the quarter.

## Distribution

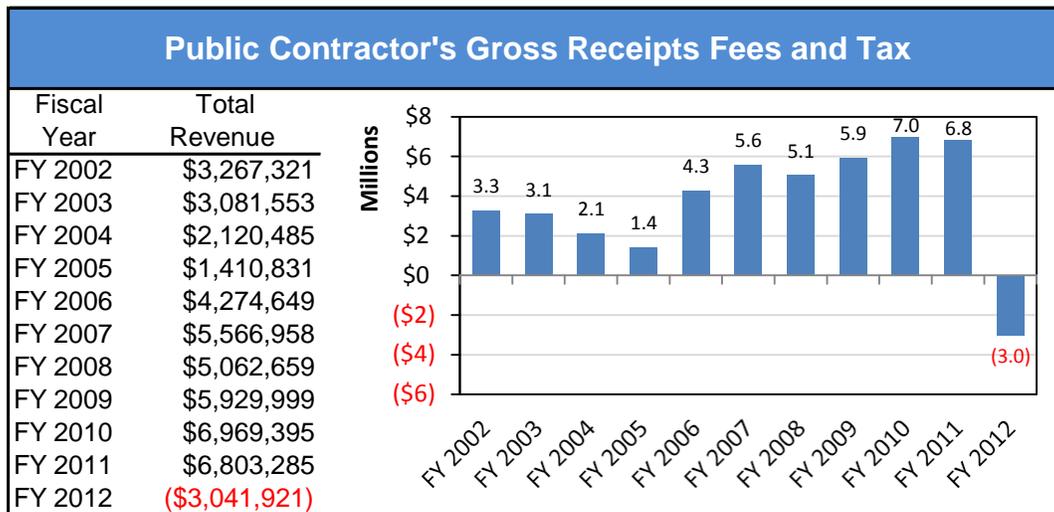
The revenue distributed into the nursing facility account is used by the DPHHS to increase the price-based reimbursement system payment rates to nursing homes (15-60-201, MCA).

The prevention and stabilization account is administered by the DPHHS to finance, administer, and provide health and human services.

Nursing Facility Utilization Fee Distribution				
	FY2009	FY2010	FY2011	FY2012
<b>Non-Montana Mental Health Nursing Care Center Facilities</b>				
General Fund Fee (≈33.73%)	\$5,140,018	\$4,950,374	\$4,838,119	\$4,735,765
Nursing Facility Utilization Account Fee (≈66.27%)	\$9,980,893	\$9,726,099	\$9,505,548	\$9,304,451
<b>Total Fee Per Bed Day (100%)</b>	<b>\$15,120,911</b>	<b>\$14,676,473</b>	<b>\$14,343,666</b>	<b>\$14,040,216</b>
<b>Montana Mental Health Nursing Care Center Facilities</b>				
General Fund Fee Per Bed Day (30%)	\$56,418	\$75,664	\$79,650	\$76,196
Prevention and Stabilization Fee (70%)	\$131,643	\$176,548	\$185,850	\$177,792
<b>Total Fee (100%)</b>	<b>\$188,061</b>	<b>\$252,212</b>	<b>\$265,500</b>	<b>\$253,988</b>

# Public Contractor's Gross Receipts Fee and Tax

**Statute:** Title 15, Chapter 50, MCA.



## Tax Rate

Prime contractors and all levels of subcontractors must pay a fee equal to one percent of all public contracts over \$5,000.

## Filing Requirements

Contractors can obtain part or all of the fee back by requesting refunds for business equipment and vehicle property taxes paid by their contracting business, and/or by claiming credit on their individual Montana income tax return or Montana corporation license tax return.

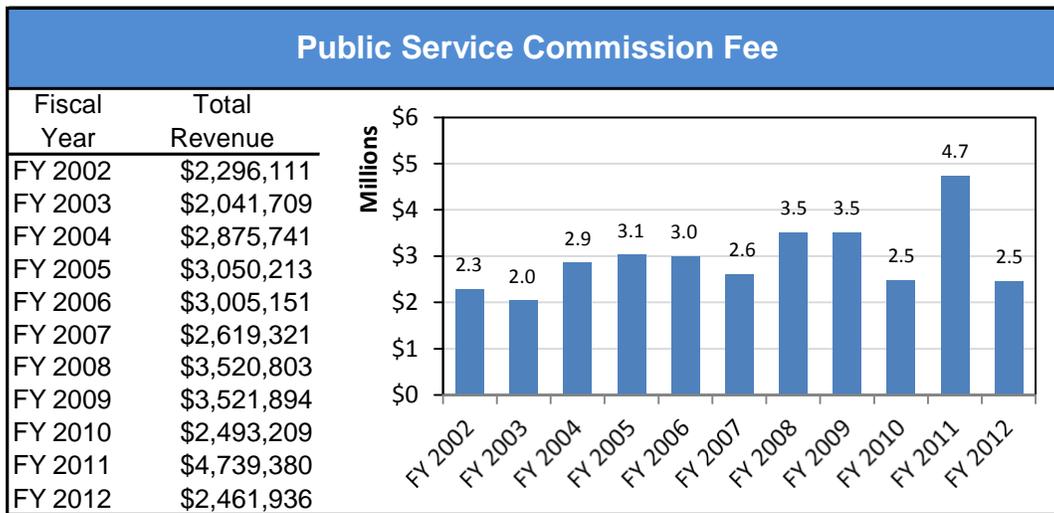
In FY 2012, total refunds exceeded total payments and as a result, total contractor's gross receipts revenue was negative. This was due to refund processing fluctuations and does not indicate a long term trend. The recent upgrade of the department's main tax processing software, Gentax, along with changes in the contractor's gross receipts software application allowed a backlog of refunds to be closed out and posted. The upgrade, along with other efforts by the department, is expected to reduce future delays in processing refunds and credits.

## Distribution

Revenues are deposited in the general fund (15-50-311, MCA).

# Public Service Commission Fee

**Statute:** Title 69, Chapter 1, Part 4, MCA



## Fee Rate

All companies providing services which are regulated by the Public Service Commission are subject to fee on gross operating revenue from regulated activities, excluding revenues from sales to other regulated companies for resale. However, motor carriers are not subject to the fee. The fee is set annually for the succeeding fiscal year to cover appropriations for the operation of the Department of Public Service Regulation.

Public Service Commission Fee Rates	
Effective Dates	Rate
Oct. 2005 through Sep. 2006	0.25%
Oct. 2006 through Sep. 2007	0.22%
Oct. 2007 through Sep. 2008	0.31%
Oct. 2008 through Sep. 2009	0.26%
Oct. 2009 through Jun. 2010	0.21%
Jul. 2010 through Sep. 2010	0.37%
Oct. 2010 through Sep. 2011	0.42%
Oct. 2011 through Sep. 2012	0.20%
Oct. 2012 through Sep. 2013	0.23%

## Filing Requirements

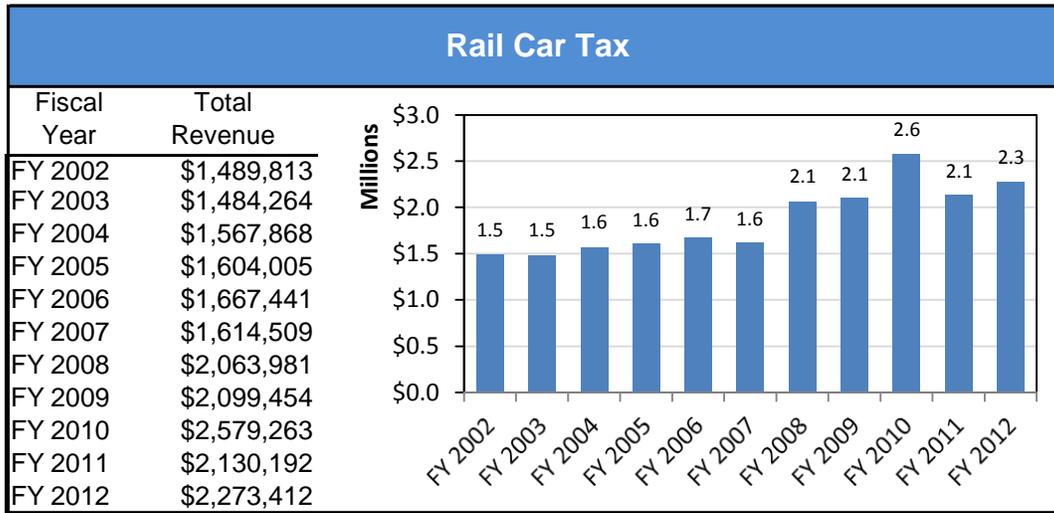
The companies must file and pay the fee within 30 days of the end of the calendar quarter.

## Distribution

All collections are deposited in a state special revenue account for the administration of the Public Service Commission (69-1-402, MCA).

# Rail Car Tax

**Statute:** Title 15, Chapter 23, Part 2, MCA



## Tax Rate

The rail car tax provides for the central assessment of rail car companies' operating properties and is assessed on the rolling stock of freight line companies. In the 1992 special session of the Montana legislature, rail car companies were moved from a gross receipts tax to an ad valorem tax, or value based tax. This tax is computed by multiplying the taxable value of the property by the average statewide mill levy for commercial and industrial property (15-23-214, MCA).

Calculation of rail car tax is a three-step process. The first step is to determine the Montana market value of rail car companies. The second step is to calculate the taxable value by applying the class 12 taxable valuation rate to the Montana market value. The class 12 taxable value rate applies to railroad and airline property and it is a composite rate reflective of the weighted average tax rate applied to all commercial and industrial property in the state. The third step is to apply the statewide average mill levy for commercial and industrial property to the taxable value. See section 15-23-211, MCA for a definition of "average levy." Prior to fiscal year 2004, 95 percent of the average statewide mill levy was used as the average state mill. Under current law, tax calculations are calculated at 100 percent of the average statewide mill levy.

## Filing Requirements

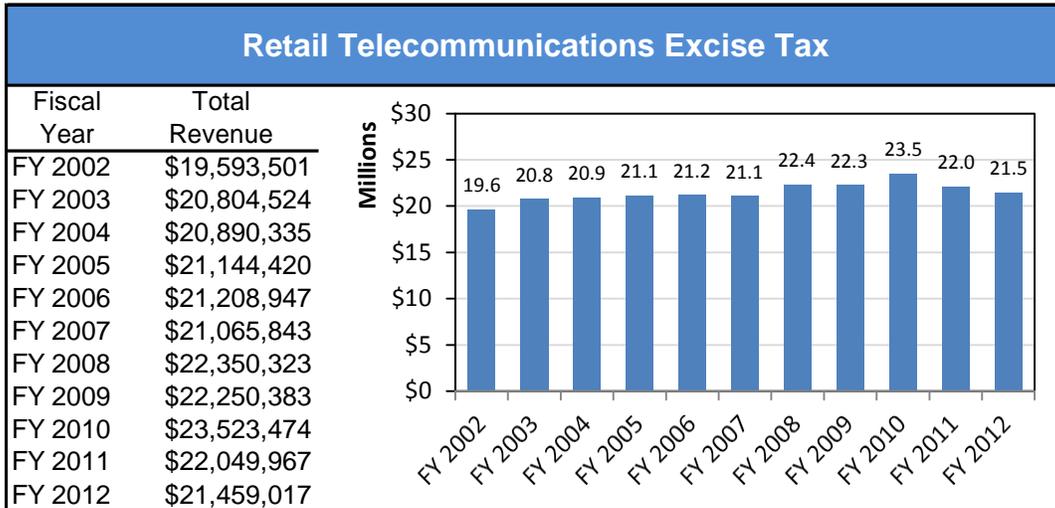
The department computes the rail car tax and sends the railroad car company a written notice with the amount of taxes due. This notice must include the taxable value of the property and the average levy used (15-23-214, MCA). One half of the rail car tax is due by November 30 of each year or within 30 days after the tax notice is postmarked, whichever is later. The other half of the tax is due by May 31 of each year.

## Distribution

The calculated tax may differ from actual collections due to delinquent taxes. All revenue is deposited into the general fund.

# Retail Telecommunications Excise Tax

**Statute:** Title 15, Chapter 53, MCA.



## Tax Rate

Prior to January 1, 2000, Montana levied a telephone company license tax of 1.8 percent on the gross revenue telephone companies earned from in-state telephone calls. On January 1, 2000, the telephone company license tax was replaced by the retail telecommunications excise tax. The retail telecommunications tax is levied at a rate of 3.75 percent on retail sales of telecommunications service when the transmission either originates or terminates in Montana. This tax is imposed on the purchaser of telecommunication services and collected by the telecommunications service provider.

## Filing Requirements

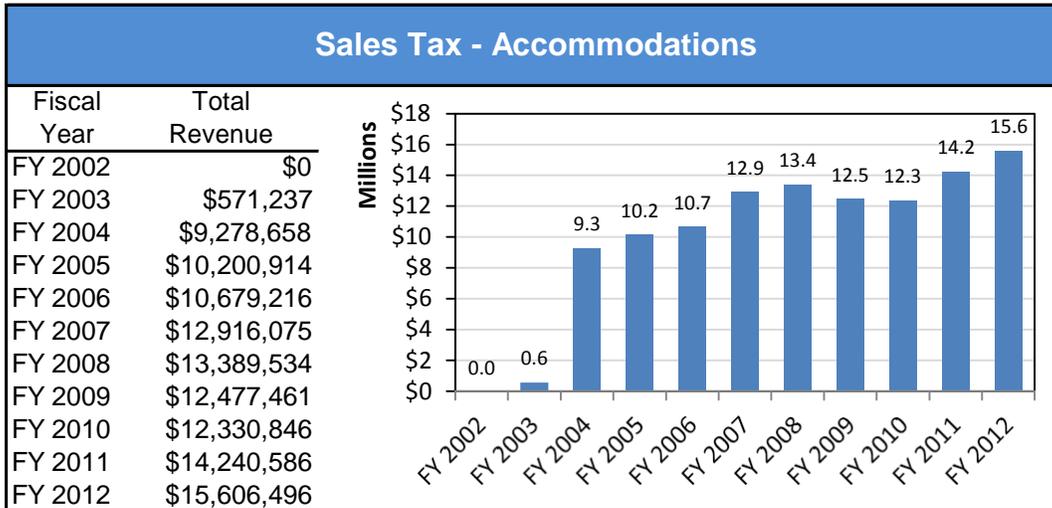
Each retail telecommunication service provider must file a quarterly return due 60 days after the end of each calendar quarter.

## Distribution

All receipts from the retail telecommunications excise tax are deposited in the state general fund (15-53-128, MCA).

## Sales Tax - Accommodations

**Statute:** Title 15, Chapter 68, MCA



### Tax Rate

In 2003, the Montana Legislature enacted a three percent selective sales and use tax on accommodations and campgrounds. The three percent sales tax on accommodations is levied in addition to the four percent lodging facilities use tax (15-68-102, MCA). The three percent sales tax on accommodations applies to the same facilities as the four percent lodging facility use tax.

### Filing Requirements

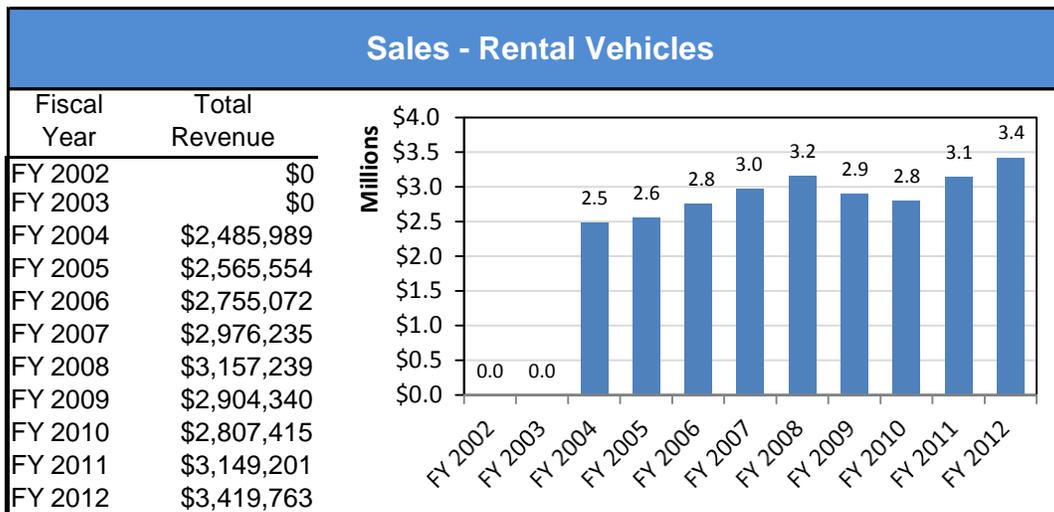
The sales tax is imposed on the purchaser and collected and remitted by the seller to the Department. The report and tax are due on or before the last day of the month following the end of the calendar quarter. To simplify compliance, the department has lodging operators file a single return combining the three percent lodging sales tax and the four percent lodging facility use tax. A lodging facility operator who files a return and remits the tax on time is allowed to keep five percent of the sales tax collected, up to \$1,000 per facility, as compensation for collecting the tax.

### Distribution

All of the revenue from the accommodations and campground sales and use tax is deposited in the state general fund (15-68-820, MCA).

## Sales Tax - Rental Vehicles

**Statute:** Title 15, Chapter 68, MCA.



### Tax Rate

The 2003 Legislature enacted a four percent sales and use tax on the base rental charge for vehicles rented for 30 days or less (15-68-102, MCA). The base rental charge includes time of use or mileage charges, charges for personal accident insurance, charges for additional or underage drivers and charges for certain accessory equipment. Rental vehicles subject to the tax include automobiles, vans, and SUVs; trucks rated at one ton or less; motorcycles and quadracycles; off-highway vehicles; motorboats and sailboats; and semi-trucks, trailers, and semis with GVW less than 22,000 pounds. Vehicles designed to carry more than 15 passengers, farm vehicles, machinery, equipment, and vehicles rented with a driver are not subject to the tax.

### Filing Requirements

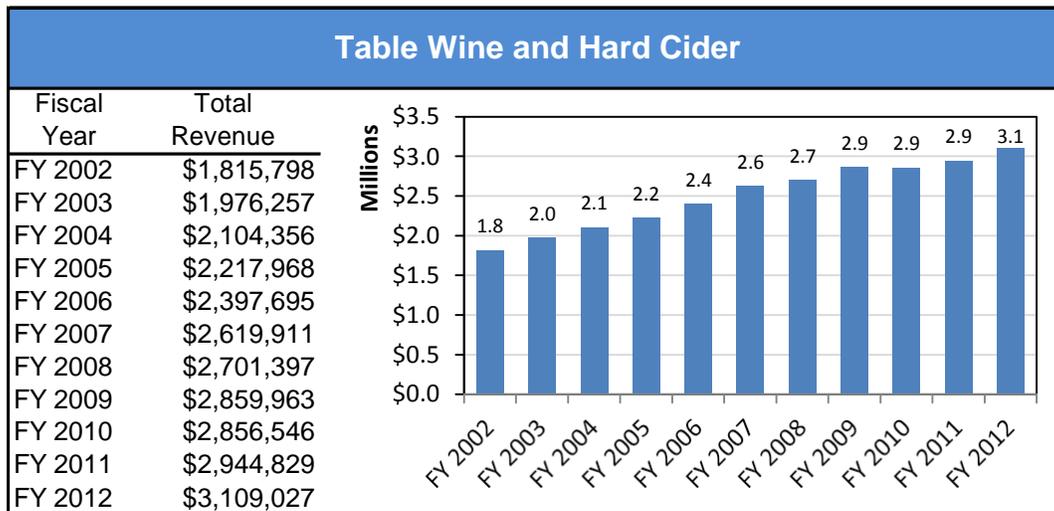
Owners or operators of a business with taxable transactions collect the tax from their customers and remit it to the department on a quarterly basis. The report and tax are due on or before the last day of the month following the calendar quarter. A rental vehicle business that files a return and remits the tax on time is allowed to keep five percent of the tax collected, up to \$1,000 per location, as compensation for collecting the tax.

### Distribution

All rental vehicle sales tax revenue is deposited in the general fund (15-68-820, MCA).

## Table Wine and Hard Cider Tax

**Statute:** 16-1-411, MCA



### Tax Rate

A tax of 27 cents per liter on table wine and a tax of 3.7 cents per liter on hard cider are levied on wine and cider sold into Montana. Additionally, if the wine is sold by an agency liquor store, then there is an additional one cent per liter tax.

Table Wine and Hard Cider Tax Rates	
Product	Tax Per Liter
Table Wine	27.0¢ Table
Wine Sold to Agency Liquor Stores	28.0¢ Hard
Cider	3.7¢

### Filing Requirements

The wine and hard cider tax is collected monthly from distributors and wineries. Taxpayers must submit returns to the department on or before the 15th day of the month.

### Distribution

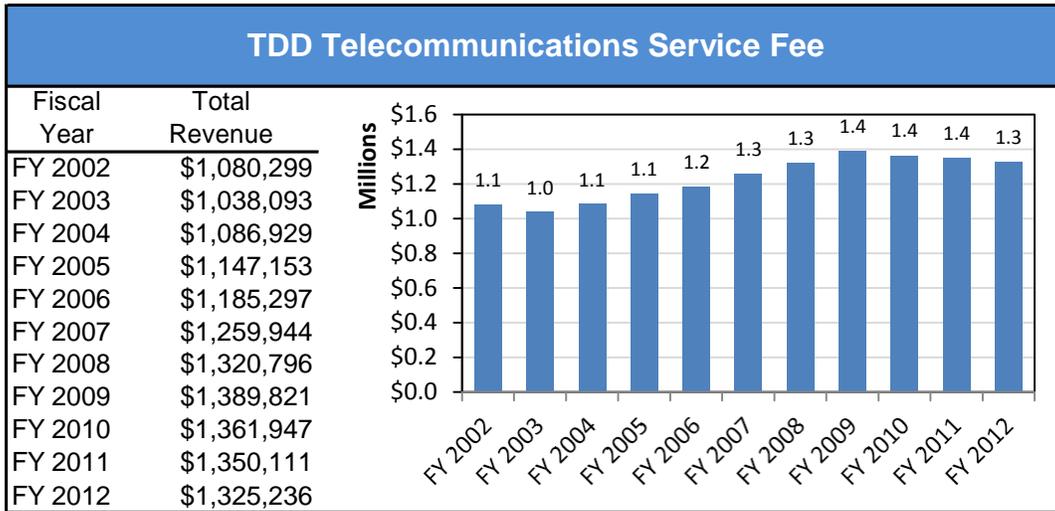
A small portion of wine tax revenue is refunded from the general fund to the tribes that have a revenue-sharing agreement with the state. Currently the state has agreements with the Blackfeet, Fort Peck, and Fort Belknap Tribes.

The one cent per liter tax from agency liquor stores is deposited in the general fund. The remaining revenues from the tax are deposited 69 percent to the state general fund and 31 percent to the Department of Public Health and Human Services for treatment, rehabilitation and prevention of alcoholism and chemical dependency.

Table Wine and Hard Cider Tax Distribution				
	FY2009	FY2010	FY2011	FY2012
<b>Tax From Table Wine and Hard Cider</b>	<b>2,818,662</b>	<b>2,814,729</b>	<b>2,903,725</b>	<b>3,065,032</b>
Tribal Revenue	38,264	39,168	38,943	41,662
General Fund (69% less Tribal)	1,933,015	1,930,021	1,991,498	2,101,957
DPHHS (31%)	885,647	884,708	912,227	963,075
<b>Tax From Agency Liquor Stores</b>	<b>3,037</b>	<b>2,648</b>	<b>2,161</b>	<b>2,333</b>
General Fund (100%)	3,037	2,648	2,161	2,333

# TDD Telecommunications Service Fee

**Statute:** 53-19-311, MCA.



### Fee Rate

A monthly fee of 10 cents per subscriber access line in the state is assessed for telephone exchange access services. The service provider may deduct and retain 0.75 percent of the total fees collected each month to cover its administrative expenses. Legislation in 2007 modified state law to make clear that all telecommunications providers, including those using newer technologies or formats such as voice over internet protocol or prepaid wireless service, must collect the fee and remit the revenue to the state.

### Filing Requirement

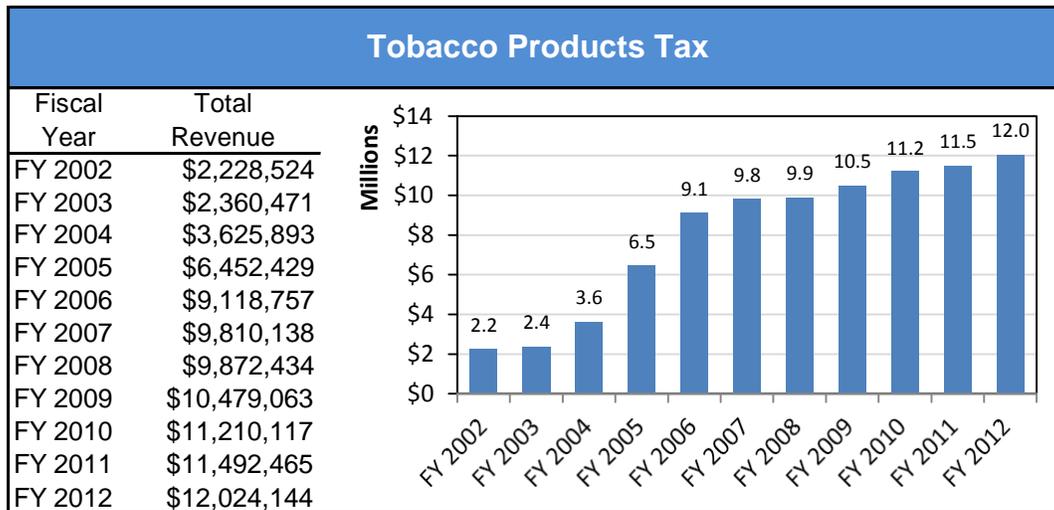
The fee is paid by the subscriber, but is collected and remitted to the state by the service provider on a quarterly basis. The fee is due on the last day of the month immediately following the end of the calendar quarter.

### Distribution

The revenue from this fee is deposited in a special revenue account to provide telecommunication devices for persons with hearing disabilities (53-19-311, MCA).

# Tobacco Products Tax

**Statute:** Title 16, Chapter 11, MCA



## Tax Rate

All tobacco products, excluding cigarettes and moist snuff, are subject to a tax of 50 percent of their wholesale price. A tax of 85 cents per ounce is levied on moist snuff. The taxpayer is allowed a 1.5 percent allowance for administrative expenses. Before May 1, 2003, the tax rate on tobacco products was 12.5 percent. The 2003 Legislature increased the tax on tobacco products to 25 percent of the wholesale price. Then, Montana voters passed Initiative 149 (I-149), which increased the taxes on other tobacco products to 50 percent of the wholesale price and the tax on moist snuff to 85 cents per ounce. The rates passed in I-149 became effective on January 1, 2005.

Tobacco Products Tax Rate	
Product	TaxRate
Moist Snuff	85¢ per ounce
All Other Tobacco*	50% of wholesale price
*Excludes cigarettes.	

## Filing Requirements

The tax is collected monthly from the wholesaler. Wholesalers must submit returns to the department on or before the 15th day of the month.

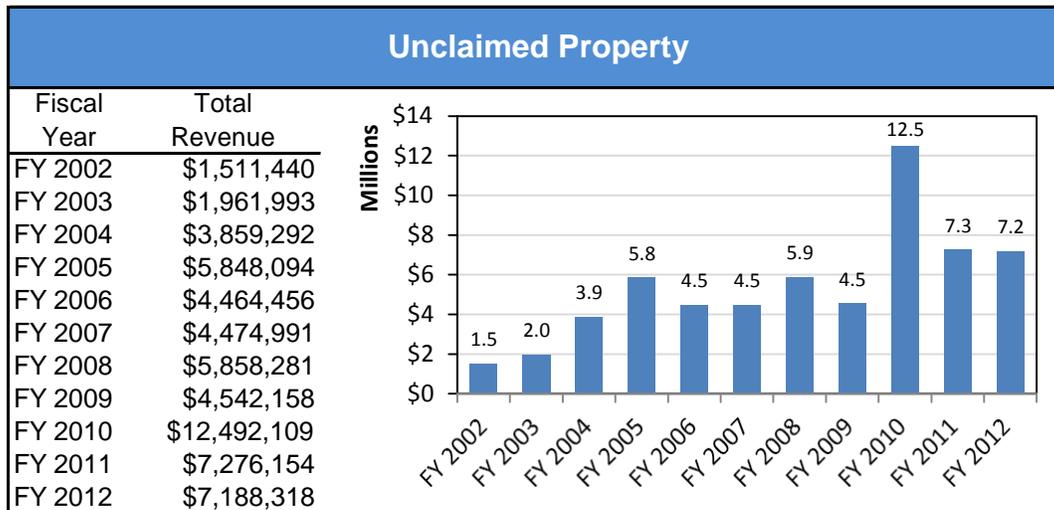
## Distribution

After tribal revenue sharing agreements, the revenue from the tobacco products tax is distributed 50 percent to the state general fund and 50 percent to the Department of Public Health and Human Services for health and Medicaid initiatives (16-11-119, MCA).

Tobacco Products Tax Distribution				
	FY2009	FY2010	FY2011	FY2012
<b>Total Revenue</b>	<b>\$10,479,063</b>	<b>\$11,210,117</b>	<b>\$11,492,465</b>	<b>\$12,024,144</b>
Tribal Amount	\$498,070	\$541,118	\$537,849	\$605,561
<b>Remainder</b>	<b>\$9,980,994</b>	<b>\$10,668,999</b>	<b>\$10,954,616</b>	<b>\$11,418,583</b>
General Fund (50%)	\$4,990,497	\$5,334,499	\$5,477,308	\$5,709,292
DPHHS (50%)	\$4,990,497	\$5,334,499	\$5,477,308	\$5,709,291

# Unclaimed Property

**Statute:** Title 70, Chapter 9, Part 8, MCA



The Montana Department of Revenue handles the state’s unclaimed property, which includes such items as money, uncashed checks, drafts, state warrants, uncashed payroll checks, utility deposits, interest income, dividends income, savings and checking accounts, safe deposit box contents, credit balances, customer overpayments, gift certificates, unidentified remittances, stocks, bonds and uncashed coupons.

Since 1963, there has been approximately \$98 million worth of unclaimed property turned over to the state and the department has returned nearly \$34 million of that to its owners.

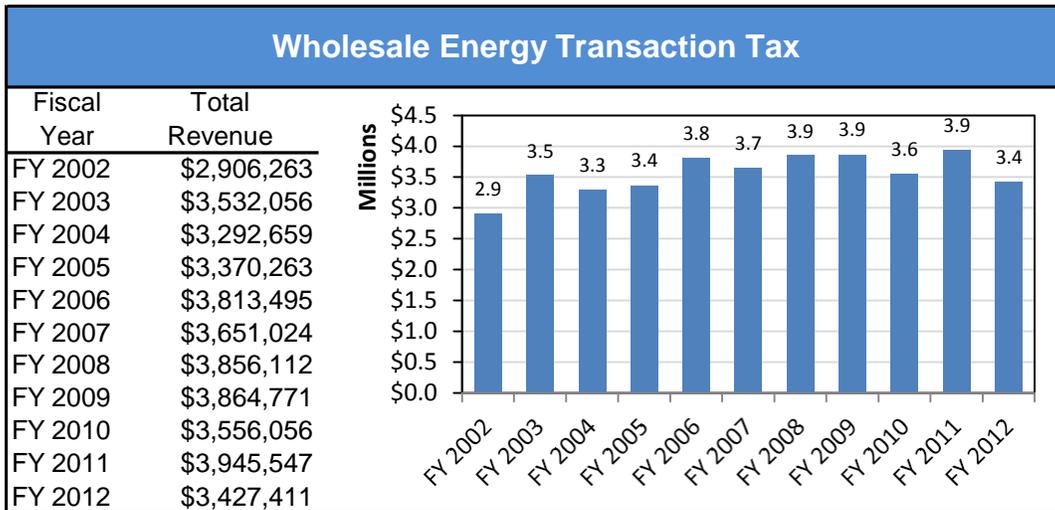
Under Montana’s uniform unclaimed property act, any intangible and certain tangible property unclaimed by its owner must be turned over to the Department of Revenue. Montana is considered a “custodial state” and holds such property on behalf of the owners of lost or abandoned property. The department maintains records on all abandoned property reported in Montana. Reports filed by holders of abandoned property (banks and insurance companies, for instance) may be examined by the public.

## Distribution

All collections over \$100,000 (the amount allocated to the agency refund account) are transferred to the state’s general fund. The refund period for items valued at more than \$50 is unlimited (70-9-813, MCA).

# Wholesale Energy Transaction Tax

**Statute:** Title 15, Chapter 72, MCA



## Tax Rate

The wholesale energy transaction tax is levied at a rate of \$0.00015 per kilowatt hour on all electricity transmitted by a transmission service provider in the state. There is also a five percent exemption for electricity produced in the state and delivered out of state.

## Filing Requirements

The tax went into effect on January 1, 2000, and is paid on a calendar quarter basis. Payment is due to the state within 30 days after the close of the quarter.

## Distribution

All payments are deposited into the general fund.